



GREEN BANKING PRACTICES: INITIATIVE FOR SUSTAINABLE DEVELOPMENT

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ABSTRACT

Now a days everybody is more and more concerned and worried about the natural environment, business organizations and companies have started redefining their working culture in view to increase greenery to the maximum extent. Green banking explains combining operational improvements, technology and changing client habits in banking business in an effective manner. This clearly promoting environmental-friendly practices and reducing carbon footprint from banking transactions. The main practices comes in many forms such as – using online banking instead of branch banking, paying bills online instead of mailing them; instead of large multi-branch banks; or finding the local bank in the area that is taking initiatives to support local initiatives going Green.

KEYWORDS: Green Banking, Green Banking Practices, Sustainability, Environment.

INTRODUCTION

Issues related to environment, maintaining the environmental sustainability has become issues among the world. Institutions as well as customer should have awareness about the importance of the environment for the sustainability of earth. Green initiatives has got attention and expanding rapidly in developed countries but with the time there is increasing receptiveness among consumers about going green in our country. Now a days green or environmental movement has become a strategic approach for better marketing with recent focus in modern business areas. Green Banking really explains eco-friendly or environment-friendly banking to stop environmental degradation to make this planet with less hazard to environment. By Providing innovative green products: using of online banking instead of Traditional branch banking, paying bills through online instead of mailing them, Arranging facilities by the local bank in the area that is taking the biggest steps to support local green initiatives

Sustainability Development

Defined sustainability as the advancement of economic development while maintaining the quality of environmental and social systems with less environmental hazard. The way of incorporating Environmental & Social (E&S) issues into development is important because environmental resources provide a basis for social and economic development for the society. Sustainable development are important in all industrial and commercial sectors, as all practices have the potential to challenge social and environmental quality for a better future.

Plan of Action as suggested by RBI for Sustainable banking

RBI has suggested effective plans to be implemented by the banking sector for sustainable development more effectively. They are describing as follows

Social concerns Environmental have today become major considerations for determining the viability of proposal which bank deals. So the banks should take care of Environmental and social consequences and ensure that a project is environmental friendly and socially sound and sustainable before considering for any kind of financial assistance.

Mainly in financial sector there is a visible trend to promote environmentally and socially responsible investment and lending in emerging areas. Banks also understand that they have a social responsibility to fulfill as they emerge from the traditional banking concepts. The way of doing responsible banking is the new approach born out of finding new market trends for survive.

Environmental and social impacts are relatively low because most of those impacts are transmitted through the various activities of other businesses performing around and that rely on financial institutions especially for borrowing or investing in manufacturing segment. Even though relatively indirect nature of their environmental and social impacts; banks need to closely monitor the effects of their lending for better future.

Most of the business aspects have some environmental and social impact that typically results from substandard environmental and social practices, including unnecessary usage and wastage of natural resources, environmental damage caused by polluting industry.

RESEARCH METHODOLOGY

The paper make an attempt to review the literature on the basis of secondary data collected from the different sources such as sustainability reports, research papers, articles, annual reports, company's official websites, etc. for the analysis of the green banking initiatives practices of Indian banks,

Data Collection

The secondary method of data collection has been used in this study. The information and data regarding the green practices adopted by the various banks have been accessed from the sources such as company official website, annual reports, sustainability reports, article, journals etc

Purpose of the study

To study concept and identify the steps necessary to adopt Green Banking

Understand Sustainable development concept

Understand RBI guidelines with reference to sustainable development

To understand the advantage of Green Banking

LITERATURE REVIEW

Suresh Chandra Bihari (2011) concluded in his study that Green Banking promoting corporate social responsibility (CSR) in financial aspects. This starts with the aim of protecting the environment where banks consider before financing a proposal if it is environment friendly and does not make any implications for the better tomorrow. An organization will be given a loan only when all the ecofriendly standards are complied. Green Banking can be efficiently implemented with the use of technology and guidelines he emphasized

Alice Mani (2011) stated that as a Socially Responsible Corporate Citizens (SRCC), banks will have a major role and responsibility in enhancement of governmental efforts towards reduction in carbon footprint. Banks should also practices and initiatives of Green Banking for sustainable development so as the better environment. They also compared the green lending policies by banks in India in the light of their commitment to environment protection and eco-friendly proposals.

Jha and Bhome (2013) concluded after their study on green banking trends in India, he commented on various aspects like Green banking strategies limit the usage of paper as possible and depend up on online/ electronic transactions for processing so that we get green credit cards and green mortgages. He also stated that banks can also set standards for lending, which is really a proactive idea that would enable eco-friendly business practices.

Singh and Singh (2008) conducted a study on An Effective & Resourceful Contribution of Green Banking towards Sustainability they found that the role of green banking is part of all levels of business practices in this globalized business environment. Main emphasis has been made on analysis of the green concept and the actual need of green banking strategies in business activities so as to make the environment more ecofriendly and to enrich our economic growth.

Sahoo and Nayak (2008) conducted a study on green banking in India and concluded that the banks might play a pro-active role to take environmental and eco-

logical aspects as part of their business practices which would force industries to promote mandated investment for environmental management, appropriate technology usage and management systems. We can say that from the study there was not that much initiative taken by the banks or other financial institutions in India though they play an active role in India's emerging economy development.

Bihari Suresh Chandra (2010) made an attempt to highlight the green banking initiatives taken by the Indian banks. The author also discussed as Green banking is Ethical banking as it also aims to protect the environment. Ethical banks award loan to a company only when all the environment safety standards are followed

Green Banking Initiatives by Indian Banks

The major banks in India have taken up the challenge of socially responsible finance, providing no-frill accounts, linking up with Self-Help Groups for lending to weaker sections, etc. for sustainable future. But it is really need to address the issue of environmentally responsible banking properly. Domestic banks such as State Bank of India, Punjab National Bank, IDBI Bank and ICICI Bank have started to lend for renewable energy projects and foreign banks such as Standard Chartered and ABN Amro are also focused on renewable energy financing. State Bank of India owns wind farms for generation. of power in various part of country

GREEN BANKING BENEFITS

Any time of History banking is never treated as a polluting industry, the contemporary style of banking operations have always increased the damage of environment due to their massive use of energy and consumption of paper in different ways such as lighting, air conditioning, less number of green buildings, electronic/electrical equipment's, high paper wastage etc. So Financial institutions and banks should adopt technology, process and products which should make effort to reduce environment hazards.

1. Reduced usage of paper work:

The scenario of paperless banking almost all banks in India are already computerized or operate on a core banking solution (CBS). Thus there is ample scope for the banks to adopt paperless or less paper for office correspondence, audit, reporting etc. these banks can switch over to electronic correspondence and reporting thereby controlling deforestation.

2. Creating Awareness to Business People about Environment:

So many agencies and environmentalists are promoting environment consciousness among the public in general by arranging awareness programs and organizing seminars etc. Banks can associate themselves by sponsoring such programs to create awareness among public.

3. Environmental Standards for Lending:

Now a days Banks follow environmental standards for lending, it is really a good idea and it will make business owners to change their business to environmental friendly which is good for our future

4. Loans at Comparatively Lesser rates:

Now banks can also introduce green bank loans with financial concessions for environment friendly products and project such as fuel efficient vehicles, green building projects, housing and house furnishing loans to install solar energy system etc.

METHODS OF ADOPTING GREEN BANKING

1. Use Direct Deposit:

Many of the employers giving employees the option to receive their fund in electronic medium. This will speed up the availability of cash very fast and save time in all the scenes.

2. Online Savings Account:

The two main emerging system is online savings account and mobile banking is the best method that we can part of green banking and help the environment in better way. Green banking includes receiving electronic statements from your bank and by paying bills online. Online banking and mobile banking are also highly effective ways to understand the actual financial status of you and to avoid late payment etc.

3. Online Bill Payments:

The effective way of paying bills online is something of a lifestyle change, but it can be done. Telephone bills, cable bills, utility bills, credit card payments can also to be done electronically. In fact, some online banking customers have thrown away their checkbooks and they were turned to online payments for fast response. Not only is the recordkeeping much easier, but again massive amounts of paper is saved.

4. Paperless Statements:

Many of the customers even now using Pass books for knowing statements .Sending out bank statements by mail is a big waste of paper. Signing up for online banking at most banks includes an option for customers to receive their statements electronically, old banking records can be stored electronically instead of in an iron safe.

6. Net Banking:

Online banking is really useful for customers to perform most of their banking related functions without visiting the bank, personally. For this customers must possess transaction ID and a password issued by the bank using this individual customer can perform online transaction.

Advantages of Green Banking:

- Avoids paper work
- Creates awareness to business people about Environmental & Social responsibility
- Environmental Standards for lending
- Use of online banking instead of branch banking save time.
- It leads to rationalization of paper usage.
- Green banks are more environmental friendly.
- Green banking makes people aware about effects of global warming
- It provides support to development of new projects which are more environmental Friendly.

CONCLUSION

Basically Green banking reduce as much paper work as possible and rely on online/electronic transactions for processing. Less paperwork means less cutting of trees and better environment. Green initiatives of banks adopt and implement environmental standards for lending, which is really a great idea that would enable eco-friendly business practices which would benefit our future generations.

Banking industry in India also adopted various Green initiative practices such as transition more energy and ecofriendly light system ,implementation of Solar Powered ATMs ,Solar Power as alternate source of Energy in Rural and Remote Branches ,transition more energy and eco friendly light system. Now a days many banks giving incentive to eco friendly projects in Industry so as to make use of the opportunities for clean the environment, emissions reduction , effective use of renewable energy, and reduced level of carbon due to transportation for the sustainability of Environment

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